



*Testimony of*

Jay Risch

**Representing the Wisconsin Bankers Association**

*Before the*

Assembly Committee on Financial Institutions

*Assembly Bill 510*

February 28, 2012

Chairman Kramer and Members of the Assembly Committee on Financial Institutions, my name is Jay Risch and I am the Director of Government Relations for the Wisconsin Bankers Association (WBA). I appreciate the opportunity to testify in favor of AB 510 today.

Established in 1892, WBA is the state's largest financial industry trade association, representing nearly 280 commercial banks and savings institutions, their nearly 2,300 branch offices and 27,000 employees.

AB 510 gives local governments additional prudent options for investing public funds.

Currently, local governments may invest public funds in certificates of deposit (CDs) in local Wisconsin banks. Local governments often find it advantageous to have their public dollars spread among several banks to take advantage of the full \$250,000 Federal Deposit Insurance Corporation (FDIC) insurance limit. These are dollars local Wisconsin banks then lend to individuals and small businesses in the community. Over a billion dollars of public funds are invested thusly in Wisconsin.

AB 510, would give local governments the additional option of placing public funds into interest-bearing money market deposit accounts at multiple banks. The advantage of this option for a local government would be greater liquidity and the potential for a slightly higher return on investment.

SB 308, the Senate companion to AB 510, received a unanimous 5-0 vote in the Senate Committee on Financial Institutions.

Again, on behalf of the Wisconsin Bankers Association I thank you for the opportunity to testify today and would be happy to answer any questions.



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To: Assembly Committee on Financial Institutions  
From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities  
Date: February 28, 2012  
Re: AB 510, Deposit Placement Programs of Public Depositories

The League of Wisconsin Municipalities supports AB 510, giving municipalities another option for spreading public funds among several financial institutions to ensure that all of the municipality's funds are deposited in accounts covered by the Federal Deposit Insurance Corporation and National Credit Union Administration, which insure accounts up to \$250,000.

Many communities currently use the Certificate of Deposit Account Registry Service (CEDARS), which allows communities to obtain insurance coverage for funds that exceed \$250,000 by investing its funds in CDs from multiple financial institutions. AB 510 gives municipalities the additional option of placing public funds into interest bearing money market deposit accounts at multiple institutions. The advantages of such an option would be greater liquidity and potentially slightly higher return on investment.

The bill creates an option for communities to use if they see an advantage to doing so. We urge the committee to recommend passage of AB 510.